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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
09/866,544	05/25/2001	Brent C. Abrahm	PELK0002/MRK	4820

29524 7590 02/01/2007
KHORSANDI PATENT LAW GROUP, A.L.C.
140 S. LAKE., SUITE 312
PASADENA, CA 91101-4710

EXAMINER

PATEL, JAGDISH

ART UNIT	PAPER NUMBER
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3693

SHORTENED STATUTORY PERIOD OF RESPONSE	MAIL DATE	DELIVERY MODE
3 MONTHS	02/01/2007	PAPER

Please find below and/or attached an Office communication concerning this application or proceeding.

If NO period for reply is specified above, the maximum statutory period will apply and will expire 6 MONTHS from the mailing date of this communication.

Office Action Summary

Application No.

09/866,544

Applicant(s)

ABRAHM ET AL.

Examiner

JAGDISH PATEL

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-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

- 1) ☒ Responsive to communication(s) filed on 03 November 2006.
- 2a) ☒ This action is **FINAL**. 2b) ☐ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

- 4) ☒ Claim(s) 3, 11, 12, 16, 17 and 20 is/are pending in the application.
- 4a) Of the above claim(s) See Continuation Sheet is/are withdrawn from consideration.
- 5) ☐ Claim(s) _____ is/are allowed.
- 6) ☐ Claim(s) _____ is/are rejected.
- 7) ☐ Claim(s) _____ is/are objected to.
- 8) ☒ Claim(s) 47, 55, 56, 60, 61, 64, 91, 99, 100, 104 and 108 are subject to restriction and/or election requirement.

Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on _____ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All b) ☐ Some * c) ☐ None of:
1. ☐ Certified copies of the priority documents have been received.
 2. ☐ Certified copies of the priority documents have been received in Application No. _____.
 3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).
- * See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

- | | |
|--|---|
| 1) <input checked="" type="checkbox"/> Notice of References Cited (PTO-892) | 4) <input type="checkbox"/> Interview Summary (PTO-413)
Paper No(s)/Mail Date. _____ |
| 2) <input type="checkbox"/> Notice of Draftsperson's Patent Drawing Review (PTO-948) | 5) <input type="checkbox"/> Notice of Informal Patent Application |
| 3) <input type="checkbox"/> Information Disclosure Statement(s) (PTO/SB/08)
Paper No(s)/Mail Date _____ | 6) <input type="checkbox"/> Other: _____ |

Continuation of Disposition of Claims: Claims withdrawn from consideration are 1,2,4-10;13-15,18,19,21-46,48-54,57-59,62,63,65-90,92-98,101-103,105-107 and 109-132.

DETAILED ACTION

1. This communication is in response to amendment filed 11/3/2006.

Response to Amendment

2. Claims 3, 11, 12, 16, 17, 20, 47, 55, 56, 60, 61, 64, 91, 99, 100, 104 and 108 have been amended.

Response to Arguments

3. Applicant's arguments with respect to claims have been considered but are moot in view of the new ground(s) of rejections.

Election/Restrictions

4. Newly submitted claims 47 and 91 are directed to an invention that is independent or distinct from the invention originally claimed for the following reasons:

The applicants have elected Species 7 as identified in the office action dated 7/5/2006.

(See amendment response confirms that the applicant have elected independent claims 3, 47 and 91 as per the election/restriction requirements of the office action).

Since applicant has received an action on the merits for the originally presented invention, this invention has been constructively elected by original presentation for prosecution on the merits.

However, the amended independent claims 47 and 91 do not correspond to the system claim 3 as explained below.

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System claim 3 pertains to generating a notification to a taxpayer that the proposed exchange would meet safe-harbor provisions for tax-deferred like-kind exchange treatment based upon inputs received from the taxpayer.

Independent claims 47 is directed to a process of facilitating transaction of the proposed exchange comprises automatically notifying the at least one relinquishment property receiver, according to the identification of the at least one relinquishment property receiver, of an assignment to an intermediary of a right by the taxpayer to sell the relinquishment property wherein a tax payer specifies identification of the relinquishment property receiver;

Claim 91 recites an apparatus capable of performing a process of facilitating transaction which comprises electronically notifying the at least one relinquishment property receiver of an assignment to a qualified intermediary of a right by the taxpayer to sell the relinquishment property.

The amended independent claims 47 and 91 are directed process and apparatus, which comprise features distinct from the originally elected claim 3 as outlined above. For example, claim 47 recites notification based on the identification of the at least one relinquishment property receiver, of an assignment to an intermediary of a right by the taxpayer to sell the relinquishment property. The system of claim 3 is not capable of performing this process. Claim 91 recites a feature of notifying the at least one relinquishment property receiver of an assignment to a qualified intermediary of a right by the taxpayer to sell the relinquishment property. This feature is not present in the processes recited in claims 3 and 47. Claims 47 (including dependent claims 55,56,60,61 and 64) and claim 91 (including dependent claims 99,100,104,105 and 108) are therefore drawn to nonelected inventions.

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The examiner has considered amended system claims 3, 11, 12, 16, 17 and 20 on merits. It is noted that corresponding method and apparatus claims in conformation with the system claims would be permitted and would receive same treatment as the corresponding system claims.

A complete reply to the final rejection must include cancellation of nonelected claims or other appropriate action (37 CFR 1.144) See MPEP § 821.01.

Accordingly, claims 47, 55, 56, 60, 61, 64, 91, 99, 100, 104 and 108 withdrawn from consideration as being directed to a non-elected invention. See 37 CFR 1.142(b) and MPEP § 821.03.

Claim Rejections - 35 USC § 101

5. 35 U.S.C. 101 reads as follows:

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

6. System claims 3, 11, 12, 16, 17, 20 are rejected under 35 U.S.C. 101 because the claimed invention is directed to non-statutory subject matter.

Under the Interim Guidelines for Examination of Patent Applications for Patent Subject Matter Eligibility a claimed invention must satisfy the requirement that it be directed to a "practical application" which is to mean "the claimed invention physically transforms an article or physical object to a different state or thing, or ... the claimed invention otherwise produces a useful, concrete, and tangible result".

If a claim satisfies those questions, then the claim describes eligible subject matter. In the instant case the claimed invention does not physically transform an article or a physical object to a different state or thing since the claim is not directed to an article or physical object. Therefore, a relevant test to determine eligibility requirement is

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whether, the claimed invention as a whole is limited to a useful, concrete, and tangible Result.

The next test is applied to determine if the claimed invention as a whole is directed to or produces a useful concrete and tangible result.

If the claim is directed to a practical application of the § 101 judicial exception producing a result tied to the physical world that does not preempt the judicial exception, then the claim meets the statutory requirement of 35 U.S.C. § 101. If the examiner does not find such a practical application, the examiner has determined that the claim is non-statutory.

In the instant case, the claimed invention recites that the input parameters that characterize a proposed exchange of the relevant properties are tested against a set of rules that define safe-harbor provisions for tax-deferred treatment of the proposed exchange. The result of the test is then communicated in the form of a notification to the taxpayer. The claimed invention therefore, produces a notification to the taxpayer whether the proposed transaction meets the rules of safe-harbor provisions for tax-deferred treatment of the proposed exchange.

However, the claimed invention fails to recite a tangible result which is transacting like kind of exchange based upon the determination that the proposed exchange meets the rules of safe-harbor provisions for tax-deferred treatment of the proposed exchange. In other words the taxpayer merely receives indication of the compliance of the proposed like-kind exchange of the properties without relying on such indication to perform the actual transaction. In other words, the claimed invention fails to recite a tangible result and therefore fails meet all requirements under 35 USC 101 guidelines. Note that no dependent claim resolves this deficiency.

Claim Rejections - 35 USC § 103

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7. System claims 3, 11, 12, 16-17, 20 are rejected under 35 U.S.C. 103(a) as being unpatentable over Morris, et al.; Deferred exchange regulations issued. (Internal Revenue Service regulations) National Real Estate Investor, v32, n10, p32(2) Sept, 1990 and further in view of Reich et al. (US PGPub 2002/0059107 A1) (hereafter Reich).

The foregoing claims are alternatively rejected, as being unpatentable over Fellows, et al. "Deferred like-kind exchanges: an analysis of the proposed regulations under section 1031(a)(3)" Tax Executive, 42, n5, 299(10) Sept-Oct, 1990 and further in view of Reich et al. (US PGPub 2002/0059107 A1) (hereafter Reich).

As per claims 3 the prior art references cited above teach specific method steps of transacting an exchange of at least one property to be relinquished for at least one like-kind replacement property between a taxpayer, at least one relinquishment property receiver, and at least one replacement property provider.

(see Morris p. 3 "third safe harbor" wherein transfer of like kind exchange of property is transacted among a taxpayer, an intermediary and the ultimate owner).

(see Fellows p. 17 "Qualified Intermediaries").

The cited prior art references fail to teach that the plurality of parameters that define the proposed exchange of the properties are tested "substantially simultaneously" against a set of rules for safe-harbor rules to determine whether the proposed exchange would meet safe-harbor provisions for tax-deferred treatment and automatically generate at least one notification to the taxpayer regarding compliance of the proposed exchange transaction to the safe-harbor provisions.

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Reich, in the field of asset trading teaches a system which comprises automatically and substantially simultaneously (to the input request) evaluating a proposed trade transaction to determine whether it meets certain compliance rules and automatically generate notification to the party requesting the transaction. (see Figures 4 and 5, para [0014]).

Furthermore, it was known at the time of the invention that merely computer implementing or replacing a manual activity which accomplishes the same result is not sufficient to distinguish over the prior art, *In re Venner*, 262 F.2d 91, 95, 120 USPQ 193, 194 (CCPA 1958). For example, simply implementing the process of like-kind exchange over a computer system gives you just what you would expect from the manual step as shown in the stated references. In other words there is no enhancement found in the claimed step. The end result is the same as compared to the manual method. A computer can simply replace the manual acts of the invention. The result is the same.

It would have been obvious to a person of ordinary skill in the art at the time of the invention to have the process of transacting like-kind exchange over a computer system have provided a computer program provided for such process wherein a notification about compliance of a proposed exchange of one relinquished property with at least one replacement property because this would speed up the process of like-kind exchange, which is purely known, and an expected result from computerization of what is known in the art.

Regarding claims 11, 12, 16-17 and 20 and corresponding method and apparatus claims it is asserted that such steps are nothing more than extension of the computer implementation and such are inherent to a computerized like kind change process. For example, per claim 11, the taxpayer must provide necessary data of the property that is being relinquished and the property

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that is being replaced or exchanged which also suggests that the necessary parameters associated with the exchange must also be specified.

Conclusion

8. Applicant's amendment necessitated the new ground(s) of rejection presented in this Office action. Accordingly, **THIS ACTION IS MADE FINAL**. See MPEP § 706.07(a). Applicant is reminded of the extension of time policy as set forth in 37 CFR 1.136(a).

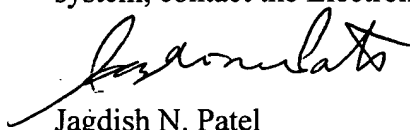
A shortened statutory period for reply to this final action is set to expire **THREE MONTHS** from the mailing date of this action. In the event a first reply is filed within **TWO MONTHS** of the mailing date of this final action and the advisory action is not mailed until after the end of the **THREE-MONTH** shortened statutory period, then the shortened statutory period will expire on the date the advisory action is mailed, and any extension fee pursuant to 37 CFR 1.136(a) will be calculated from the mailing date of the advisory action. In no event, however, will the statutory period for reply expire later than **SIX MONTHS** from the date of this final action.

Any inquiry concerning this communication or earlier communications from the examiner should be directed to JAGDISH PATEL whose telephone number is (571) 272-6748. The examiner can normally be reached on **800AM-630PM Mon-Tue and Thu.**

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, **KRAMER JAMES A** can be reached on **(571)272-6783**. The fax phone number for the organization where this application or proceeding is assigned is 517-273-8300.

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Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free).



Jagdish N. Patel

(Primary Examiner, AU 3693)

1/29/07